Saskatchewan
Agriculture
and Food

FINAL REPORT

MARKET ASSESSMENT FOR ORGANIC HORSE FEED IN THE UNITED STATES (CALIFORNIA)

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The application for Poplar Valley Organic Farms Inc. for funds from the Saskatchewan Department of Agriculture and Food (SDAF) was prepared by Andre Quesnel, a consultant working for Poplar Valley from July 1998 to May 2000. Andre Quesnel quit working as a consultant in May of 2000, he became manager of a "Mr. Ribs" franchise in Nipawin, Sask. Andrew quit as a consultant with little notice when he decided to go into the restaurant business he was under the impression he would be able to continue his consulting work on the side but this has not been the case. Andre did not forward Poplar Valley Organic Farms portfolios. Therefore, it has caused a delay for completion of certain projects.

Poplar Valley saw a growing demand for certified organic livestock feeds, namely horses cattle and poultry through the years of attending organic food and trade shows. At the same time from year to year, poorer quality organic feed grains were unmarketable. The majority of organic grains were streamlined for the human consumption market, only the top quality grains were in demand. Therefore the demand for product and the supply were both present for organic livestock feeds. Poplar Valley decided to launch their pursuit in feeds in the horse industry. With the collaboration or the University of Sskatchewan, Poplar Valley was able to put together some progressive formulas to offer a superior horse nutrition mix. (Genesis Performance Plus and Genesis Farm Mix). A market research was done by Andre Quesnel of the horse industry in the U.S. There is a definite future for organic horse feed on the market, the secret is to tack on to an existing distribution system as a new line and to have key locations for distribution centres.

Poplar Valley, presented by Andre Quesnel, attended the Spruce Meadows Show in Calgary, Albert in September of 1999. Andre was hopeful to secure a modest feed distribution company Natural Farm Works, this company focuses on "Natural feed sources". There were several meetings with Mr. Russell Bussiere following the show, one of which was at Poplar Valley's office. Prices were mutually agreed upon by both parties. There was a shipment of 22,000 lbs sent of product, Genesis Performance Plus, value of the shipment $5,280.00 CDN. To this day we have not seen any of this money. Mr. Bussiere stated he sold some of the product but product was slow moving to the end cost to the consumer. Comparitvely speaking Natural Farm Works markets conventional grains at half the cost of organic feed grains. Due to the lack of consumer knowledge and education about the difference of the two products by the sales company, likely contributed to failure of this sale. Natural Farm works account has been put to collections. In the article 8c., it is mentioned here of a second client met at Calgary Spruce Meadows namely Comax. Comax took a small delivery of 2200 lbs and paid their bill in good time no reorder.

The California Equitana USA show brought a lot of positive response to our products we were able to pickup several small clients. Total sales approximately $15,000 USD (some of these USD sales were picked up at the Kentucky show attended in June of 1999). There are some accounts with clients that reordered three to four times. There have been no recent sales for various reasons, lack of follow up and lack visibility and or personal contact ie. Shows, etc.

In October, 2000, Genesis Feeds put up a website for our organic feeds that are 1-4 inquiries per day. Inquiries vary between the different feeds horse, cattle and chicken we have also linked our site to several other key sites ie Himex Organic Products, SOCA (certifying agency), SOD etc.

In collaboration with the University of Saskatchewan, Poplar Valley has also put together an organic poultry layer mash which has a promising future. We have two different regular buyers one is a distribution company (Buckerfields) for diverse feed and we have been forwarding them our enquiries re: distribution lines in place and warehousing for smaller type orders (full and half truckload shipments will be sent direct). We have a warehouse in Eastern USA Maryland that carries other product of ours that is interested in carrying and distributing our Genesis Feeds. Also a company and warehouse in California (western US) mentioned in our first report that is receiving enquiries about our products on a regular basis and will carry and promote our products in the near future. We have many inquiries about certified organic chick starter and certified organic meant chicken diet and we are formulating a formula to pursue this industry in the near future.

In conclusion, the pursuit of organic horse feed sales in California and remainder of the USA appears to be very positive. For our company to be able to successfully pursue the certified organic feed market in the states it is imperative to have continuity ie regular attendance one or more key shows example Equitana USA, latch on to an existing distribution with key warehousing and distribution centres it is important to have visibility in the industry. It is very key to bring the product closer to the consumers. Individual consumers maximum orders are approximately on MT, with the majority buying a few bags of product at one time. Therefore a local store distribution is ideal situation tapping into an existing store ideal and this is where we are focusing our attention.